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Energy Governance, Transnational Rules, and the Resource Curse: Exploring the Effectiveness of the Extractive Industries Transparency Initiative (EITI)

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Summary. — Transnational standards for disclosure have become a defining feature of global governance and sound economic development, yet little is known about their effectiveness. This study statistically explores the efficacy of such standards for the important case of the Extractive Industries Transparency Initiative (EITI), an international non-governmental organization which maintains a voluntary standard for revenue transparency in the extractive industries. As of November 2015, 31 countries were “EITI Compliant” and another 49 were “EITI Candidates.” In total, 49 countries had disclosed payments and revenues worth some \$1.67 trillion in more than 200 “EITI Reports”, and over 90 major companies involved in oil, gas, and mining are committed to supporting the EITI. The EITI has also received support from 84 global investment institutions that collectively manage about \$16 trillion in energy infrastructural assets. Moreover, the European Union, African Union, G8 and G20, and the United Nations have all endorsed the EITI. This article provides the first broad empirical examination of the EITI’s effectiveness in improving governance and economic development outcomes in its member countries using non-parametric tests, regression analysis, and data from the World Bank. We analyze the performance of the first 16 countries to attain EITI Compliance Status over the period of 1996–2014. We find, interestingly, that in most metrics EITI countries do not perform better during EITI compliance than before it, and that they do not outperform other countries. We postulate four possible explanations behind the relative weakness of the EITI: a limited mandate, its voluntary nature, stakeholder resistance, and dependence on strong civil society. © 2016 The Authors. Published by Elsevier Ltd. This is an open access article under the CC BY license (<http://creativecommons.org/licenses/by/4.0/>).

Key words — resource curse, transparency, transnational rules, good governance, EITI

1. INTRODUCTION

“Governance by disclosure” has become a defining feature of global governance, and one that extends well beyond state-led efforts at international regime building. To an increasing extent, private actors such as firms and non-governmental organizations are becoming involved in the design and operation of transnational rules that aim to increase transparency. Examples of such private or hybrid schemes can be found in issue areas as diverse as labor rights, environmental protection, accounting, and telecommunications.¹

While previous studies have examined the emergence, institutionalization, and accountability of such transnational standards for transparency, less is known about their effectiveness.² This study statistically explores the efficacy of transnational disclosure standards for the important case of the Extractive Industries Transparency Initiative (EITI). The EITI was created in 2002 to improve the domestic governance in resource-rich countries by bringing more transparency and more accountability to the collection of revenues. The EITI was structured as a transnational public–private partnership, bringing together resource-rich development countries, private actors such as transnational corporations and investor associations, and civil society organizations.

The EITI offers a useful template for which to assess the value of transparency, if any, on the international stage. The

EITI attempts to promote global transparency for the oil, gas, and mining sectors—sectors that are notorious for their opacity.³ The EITI operates on the principle of having free, full, independent, and active assessments of the ways that extractive industries companies interact with government and impact communities and society.⁴

As of November 2015, 31 countries were “EITI Compliant” and another 49 were “EITI Candidates.” In total, 49 countries had disclosed payments and revenues worth some \$1.67 trillion in more than 200 “EITI Reports”, and over 90 major companies involved in oil, gas and mining are committed to supporting the EITI.⁵ The EITI has also received support from 84 global investment institutions that collectively manage about \$16 trillion in energy infrastructural assets.⁶ Moreover, the European Union, African Union, G8 and G20, and the United Nations have all endorsed the EITI.

In this article, we ask: does the EITI make a difference? Does the transparency engendered by the EITI actually result in better governance and development outcomes in EITI compliant countries? How well do EITI countries perform, or improve over time, compared to other countries on selected political and economic indicators? To answer these questions, this study analyzes the performance of the first 16 countries that attained EITI Compliance Status as of 2012 on a variety

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of different governance and economic development metrics over the period 1996–2014. More specifically, using non-parametric tests, regression analysis and data from the World Bank, we test how EITI countries performed over time relating to eight distinct metrics covering accountability, political stability, government effectiveness, regulatory quality, rule of law, corruption, foreign direct investment, and growth in per capita GDP.

We find, interestingly, that in most metrics EITI countries do not perform better during EITI compliance than before EITI compliance, and that in most metrics they do not outperform other countries. To interpret this outcome, we postulate four possible explanations: the EITI's limited mandate, its voluntary nature, resistance by key stakeholders, and the absence of strong civil society actors in host countries. Our results should be approached with caution. Since we cannot assign units randomly to an experimental and control group, our analysis follows a quasi-experimental design and allows for only correlative interpretations regarding the relationship between EITI participation and governance and economic development metrics. It does not include other factors which might interact with the EITI scheme. Moreover, the countries in our sample only recently gained Compliance Status, and it might be too soon to empirically observe anything other than incremental changes in governance. Nevertheless, our analysis offers grounds to be skeptical and calls for further research into the effectiveness of transnational disclosure-based governance schemes.

The analysis proceeds as follows. It first reviews the literature on the link between transparency and governance. Next, it briefly discusses the history and importance of the EITI. It then introduces readers to the research methods and data sources employed by the authors before presenting the results of our analysis. We then elaborate on why it is that the EITI has a seemingly innocuous effect on most of our governance indicators, offering four reasons why EITI countries may not be outperforming others. We conclude with a few key implications for those interested in transparency, the resource curse, and energy security.

2. LITERATURE REVIEW

Approximately 3.5 billion people live in countries with plentiful oil, gas, and mineral reserves, yet a worrying number of these countries do not release transparent information about the extraction of those resources or how the revenues emanating from them are expended.⁷ The existence of the so-called “resource curse” even implies that countries with an abundance of minerals or hydrocarbons can exhibit comparatively high levels of poverty and inequality, deteriorating environmental quality, institutionalized corruption, and an increased frequency of conflict and war.⁸

However, political scientists, legal analysts, governance scholars, and even ethicists have argued that transparency, that is, “timely and reliable economic, social and political information accessible to all relevant stakeholders,”⁹ can partially counteract some aspects of the resource curse and improve social welfare. Access to information and transparent frameworks for preserving that access have been known under certain conditions to reduce corruption and improve social stability.¹⁰ One study looked at the relationship between corruption, defined as the abuse of public office for private gain, and transparency, defined as access to information, in 150 countries, and found a “certain” correlation between lack of transparency and high levels of corruption.¹¹ A second study

of 105 countries from 1960 to 2004 confirmed that the absence of transparency can significantly and negatively impact economic growth. That study documented such a strong “causal relationship” across various sample sizes and timeframes that it concluded that “the lack of transparency . . . is one of the primary reasons for the subsequent poor growth record for these countries.”¹² As economist Carolin Geginat adds, “An institutional environment characterized by openness and transparency is of central importance not only for private markets but also for the effective and efficient management of public resources. Access to information can empower citizens to monitor the quality of government services and the use of public resources.”¹³ “Transparency,” another study tells us, “is often associated with more accountable, legitimate, effective and democratic governance.”¹⁴

Conversely, critics of transparency respond that many studies *presume* that the link is there to better governance without specifying how or under which conditions it materializes.¹⁵ These authors retort that a consensus is emerging that “the right to information is not accountability in itself but is instrumental to it, and transparency does not automatically produce accountability but is a necessary but insufficient condition for it.”¹⁶ In other words, the benefits of transparency are conditional and contextual¹⁷: dependent on things like the publicity condition (the capacity of the population to understand and use information) and the accountability condition (mechanisms that can sanction and deter nontransparent behavior).¹⁸ A slew of other, more critical studies suggest that transparency does not necessarily promote better decision making, less corruption, and more effectiveness.¹⁹

In sum, these contravening insights create an opportune area of inquiry concerning the efficacy of transnational rules and transparency in the extractive industries sector.

3. REVENUE TRANSPARENCY AND THE EITI

The EITI was formally born after the conclusion of the “Publish What You Pay” campaign in June 2003, when a high-level meeting in the United Kingdom consisting of representatives of governments, industries, and civil society groups endorsed a common set of “EITI Principles.” The EITI process was later endorsed at the annual summit of the G8 in 2004.²⁰ One year later, in 2005, a formal set of “EITI Criteria” was agreed upon with further support from the World Bank and International Monetary Fund, and an International Advisory Group was appointed with the task of managing the EITI process.²¹ An interim International EITI Secretariat had been formed within the UK Department for International Development (DFID), and in January 2005 it developed a Sourcebook of “Guidance for EITI Implementation.” The International Advisory Group, chaired by Transparency International founder Peter Eigen, met five times throughout 2005 and 2006, quickly published an “EITI Validation Guide,” and by the end of 2006 the EITI had a multi-stakeholder board and the support of a permanent secretariat to “manage the EITI at the international level.”²² Near the end of 2006, the EITI was registered as a formal not-for-profit organization in Norway, and a new and expanded “EITI Association” was adopted at the EITI Doha Conference in February 2009.²³

The key to the EITI is its “multi-stakeholder” approach to transparency, involving three distinct sectors—government, civil society groups, and corporations in the extractive industries.²⁴ In its most up-to-date form, the EITI promotes six

fundamental criteria. First, it demands the “regular publication” of “all material” oil, gas, and mining payments by companies to governments (“payments”) and all material revenues received by governments from oil, gas, and mining companies (“revenues”). This publication must be disseminated to a wide audience in a publicly accessible, comprehensive, and comprehensible manner. Second, when such audits are lacking, payments and revenues are to be subject to a “credible, independent audit” of reputable “international standards.” Third, reporting of payments and revenues is to be reconciled by an “independent administrator” which identifies and corrects discrepancies. Fourth, no companies are to be exempt from EITI reporting, meaning it covers private companies, public state-owned companies, and hybrid government-linked companies. Fifth, the active engagement of civil society is required in the design, monitoring, and evaluation of the EITI process. Sixth, the public is to be kept informed by the timely publication of “work plans” for how the host governments will manage their revenues, implement EITI reforms, and assess capacity constraints.²⁵

The relatively broad coverage and participation in the EITI compared with other voluntary schemes relates to the perceived benefits it brings to governments, companies, and communities. As University of Illinois College of Law scholar A. Friedman put it:

Compliance and candidacy under the EITI has a vast array of benefits to both countries and corporations. First, compliant and candidate countries use their membership to strengthen the investment climate. It is a signal to investors and financial institutions that there will be increased transparency, accountability and governance. It is also possible that this promise will reduce violent conflict around the natural resource sectors. For corporations and investors, doing business in EITI Compliant countries reduces both political and reputational risk. This, in turn, reduces costs by reducing the need for or lessening the cost of risk insurance. As for the general population, it is generally advantageous to have more information in the public arena through transparency, as well as the benefits associated with greater foreign direct investment.²⁶

The EITI has, moreover, contributed toward the solidification of transparency as a global norm in international law.²⁷ New rules on mandatory disclosure of tax, royalties and other payments to foreign governments are under way in the United States, Canada, Norway and the European Union, illustrating these countries’ commitment to the EITI’s mission.²⁸ By enabling the provision of accurate information about oil, gas, and mining revenues, it is claimed that the EITI has helped bridge the schisms that can develop between society, government, and industry. This “opening up of the books” can build trust between stakeholders, hold governments more accountable for billions of dollars of revenue, improve corporate image and the national investment climate, and empower communities—all leading to “greater political and social stability.”²⁹ Consequently, studies across the disciplines of governance,³⁰ public administration,³¹ law,³² natural resources,³³ energy studies,³⁴ development studies,³⁵ business strategy,³⁶ corporate social responsibility,³⁷ and political science³⁸ have all praised the EITI for its theory, intent, or application.

4. RESEARCH DESIGN AND METHODS

In this study, we ask: does the EITI matter? How do EITI compliant countries perform and compare to others on metrics associated with governance and economic development? A

detailed account of the metrics used in the analysis is given below. We set out to test three groups of hypotheses.

Hypotheses 1a–1e are internal to the EITI—that is, they measure whether governance and development outcomes improve over time as a country moves from non-membership to candidacy and then EITI compliance. Hypotheses 1a–1e assess various, intuitive aspects of whether the candidacy or compliance process actually relates to better transparency outcomes:

H1a. The average change per year of governance and economic development metrics in EITI countries is positive and significantly different from zero during candidacy.

H1b. The average change per year of governance and economic development metrics in EITI countries is positive and significantly different from zero during compliance.

H1c. Governance and economic development metrics in EITI countries develop better during candidacy than Pre-EITI.

H1d. Governance and economic development metrics in EITI countries develop better during compliance than Pre-EITI.

H1e. Governance and economic development metrics in EITI countries develop better during compliance than during candidacy.

Hypotheses 2a and 2b focus on the specific data that are disclosed in the EITI reports. Rather than just asking whether the EITI works (as in H1a–H1e), these two hypotheses probe the extent to which the EITI affects governance and development outcomes (i.e., whether it works better for certain countries—those with more revenue streams covered and a higher number of involved companies—than for others). The purpose of the EITI is to uncover financial streams that, if left undisclosed, would provide opportunities for graft and corruption. To attain compliant status, a country must report on up to eight possible revenue streams.³⁹ Yet, in practice great variance exists in how many revenue streams are reported.⁴⁰ We conjecture that the more revenue streams are covered in a country’s annual EITI report—that is, the more a country lives up to the spirit of the EITI—the more positive the impact on governance and development outcomes will be. The same applies, *mutatis mutandis*, for the reported number of companies that participate.

H2a. The more revenue streams the EITI covers, the more positive performance is on governance and economic development metrics during candidacy and compliance.

H2b. The stronger the involvement of the private sector (the greater number of companies included when compiling data for EITI reports), the more positive performance is on governance and economic development metrics during candidacy and compliance.

Hypotheses 3a–3f are external, assessing how EITI countries as a reference class compare to other country classes, notably members of OPEC and Least Developed Countries (LDCs). We selected OPEC countries, rich in oil and gas, to see if EITI states outperformed those traditionally associated with the “resource curse,” and we selected LDCs to tease out whether EITI states outperformed those that are the poorest and have some of the lowest levels of government capacity:

H3a. Governance metrics of EITI countries develop better than that of non-EITI countries during candidacy, while there is no difference Pre-EITI.

H3b. Governance metrics of EITI countries develop better than that of non-EITI countries during compliance, while there is no difference Pre-EITI.

H3c. Foreign direct investment in EITI countries develops better than that of all OPEC countries during candidacy, while there is no difference Pre-EITI.

H3d. Foreign direct investment in EITI countries develops better than that of all OPEC countries during compliance, while there is no difference Pre-EITI.

H3e. GDP per capita of EITI countries develop better than that of all LDCs during candidacy, while there is no difference Pre-EITI.

H3f. GDP per capita of EITI countries develop better than that of all LDCs during compliance, while there is no difference Pre-EITI.

(a) Study sample

This study analyzes the effect of the EITI scheme on selected governance metrics in EITI countries during 1996–2014. For hypotheses 3a–3f, the development of governance metrics in EITI countries is compared to the development of governance metrics in non-EITI countries, OPEC countries and LDC countries. EITI countries were defined as all countries which reached EITI compliant status until 2012 and which were not suspended for longer than half a year. Countries which reached compliance in the year 2013 were not included in order to be able to analyze the change of governance metrics during compliance. 16 EITI countries were thus defined; Table 1 lists these countries and shows their implementation timeline.

Regarding the other country classes, non-EITI countries were defined as the 182 countries which did not reach EITI Compliance Status until 2014. The twelve OPEC countries are Algeria, Angola, Ecuador, Iran, Iraq, Kuwait, Libya,

Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela.⁴¹ And the LDC class includes the following 48 countries:⁴² Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Comoros, Congo (Dem. Rep.), Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lao, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Sao Tomé and Príncipe, Senegal, Sierra Leone, Solomon Islands, Somalia, South Sudan, Sudan, Tanzania, Timor-Leste, Togo, Tuvalu, Uganda, Vanuatu, Yemen and Zambia.

It is important to note that EITI countries, OPEC countries and LDCs are not mutually exclusive. So, when comparing governance metrics of EITI countries with those of OPEC countries or LDCs, one country can have a data set in multiple classes.

(b) Governance and economic development metrics

Eight governance and economic development metrics were included in this study. Rather than drawing from dozens of different databases or sources, we instead sought to find a single source that was publicly accessible, inclusive in its coverage of countries and time periods, and credible. As readers of this journal likely know, the sheer array of indicators measuring some type of governance is both mammoth and continues to expand. Instead of falling prey to what has been termed “data mashup” (Ravallion, 2012), we relied on the World Bank because its data are fully available to all, comprehensive, and peer-reviewed. We chose all six of the World Bank’s “Worldwide Governance Indicators” (WGI) because they draw from more than 30 other sources, which they synthesize into their index, because they cover 214 countries,⁴³ and the WGI “permit meaningful cross-country and over-time comparisons.”⁴⁴ The WGI also hosts detailed appendices listing methodological assumptions. One drawback to the dataset is that the six WGI are not measured in absolute, but comparative terms. Their indicators are all presented on a scale ranging from approximately –2.5 to +2.5. A higher value corresponds with a better governance performance. A second drawback is that the WGI dataset focuses only on governance,

Table 1. EITI countries and their implementation timeline¹

Country	EITI candidate in year	EITI compliant since year	EITI reports published in years
Azerbaijan	2007	2009	2003–12
Ghana	2007	2010	2004–11
Iraq	2010	2012	2009–11
Kyrgyz Republic	2007	2011	2004–12
Liberia	2008	2009	2008–12
Mali	2007	2011	2006–11
Mauritania	2007	2012	2005–11
Mongolia	2007	2010	2006–12
Mozambique	2009	2012	2008–11
Niger	2007	2011	2005–11
Nigeria	2007	2011	1999–2011
Norway	2009	2011	2008–12
Peru	2007	2012	2004–12
Tanzania	2009	2012	2009–12
Timor Leste	2008	2010	2008–11
Zambia	2009	2012	2008–11

Note: Central African Republic and Yemen not included due to suspension.

¹ EITI (2014).

neglecting to cover other topics of salience such as investment, poverty, or economic development.

To fill that gap, we also chose two metrics related to foreign direct investment and per capita GDP. If the forces of the EITI on transparency are as powerful as its advocates proclaim, then the expectation is that EITI Compliant countries would outperform others in their rate of improvement on all eight indicators. They would see scores for the six governance indicators improve, inflows of foreign investment increase, and growth in per capita GDP. A summary of all governance and economic development metrics used in this study is given in Table 2.

(c) Data analysis

Regarding hypotheses 1a–1e, per governance and economic development metric and EITI country the average change per year was calculated for three time spans:

- *Phase A (Pre-EITI)*: Ranging from 1996 to 2002.
- *Phase B (EITI candidacy)*: Ranging from 2002 to 2012.
- *Phase C (EITI compliance)*: Ranging from 2012 to 2014.

In the next step, significant differences in the average change per year between the three phases (and a dummy, zero-change condition) were identified using the Wilcoxon signed-rank test. With a small n (like $n = 16$ in our sample), a non-parametric test such as the Wilcoxon signed-rank test brings more robust results than its parametric counterparts (e.g., the dependent t -test).⁴⁵

Regarding hypotheses 2a and 2b, the data were rearranged. Each row corresponded to one published EITI report in the sixteen EITI countries, including number of companies reporting, number of revenue streams included, and the change of six governance metrics and two economic development metrics from the publication year to the next year. This amounted

to a dataset with 101 rows. For each of the eight variables measuring changes in governance or economic development metrics two separate regression analyses were conducted, once with number of companies reporting and once with number of revenue streams included as independent variables.

Regarding hypotheses 3a–3f, per governance and economic development metric and country the average change per year was calculated for the same three time spans as hypotheses 1a–1e. In the next step, significant differences in the average change per year in the three phases between EITI countries and other country classes were identified using the non-parametric Wilcoxon rank-sum test. This part of the analysis follows a quasi-experimental research design. The randomization necessary for an experimental research design is not feasible given the particular nature of our research question, namely, to explore the efficacy of the EITI's voluntary transparency standard on governance and development outcomes. The use of analysis of variance and other similar tests does not meet the experimental approach criteria.⁴⁶

In all conducted tests, we treat $r = .1$ ($R^2 = .01$) as the threshold for a small effect, $r = .3$ ($R^2 = .09$) as the threshold for a medium effect, and $r = .5$ ($R^2 = .25$) as the threshold for a large effect.⁴⁷ Furthermore, we used boxplots to display our results; a boxplot shows the minimum, the 25%-quartile, the median, the 75%-quartile and the maximum of one research variable in one specific country group.

Missing data were negligible in the EITI country class, and not a big problem in the other country classes since the analysis mainly focused on cumulative values (like average changes per year in one time span). Regarding EITI countries, there were no missing data in the six WGI and GDP per capita analyses, and two missing data points for Foreign Direct Investment. In the non-EITI country class, the missing data amount to 15 data points. In the OPEC country class, the missing data amount to one data point. And in the LDC class, the missing data amount to 10 missing data points.

Table 2. *Description of governance and economic development metrics used in this study*

No.	Governance metric	Description
1	Voice and accountability	Reflects perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media
2	Political stability and absence of violence	Reflects perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically motivated violence and terrorism
3	Government effectiveness	Reflects perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies
4	Regulatory quality	Reflects perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development
5	Rule of law	Reflects perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence
6	Control of corruption	Reflects perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests
7	Foreign direct investment, net inflows (% of GDP)	Refers to the net inflows of investment to acquire a lasting management interest (10% or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. Refers to net inflows (new investment inflows less disinvestment) in the reporting economy from foreign investors, and is divided by GDP
8	GDP per capita (PPP, constant 2011 international \$)	Refers to gross domestic product converted to international dollars using purchasing power parity rates. An international dollar has the same purchasing power over GDP as the U.S. dollar has in the United States. GDP at purchaser's prices is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. Data are in constant 2011 international dollars

5. RESULTS

The results indicate that, in a strong majority of governance and economic development metrics, EITI countries did not perform better than others. Seven of our hypotheses were rejected outright, five were only partially confirmed, and only one was fully confirmed. While keeping in mind that we did not conduct an equal number of tests for each hypothesis, it is interesting to note that out of a total of 72 tests, only 10 test results were in line with our hypotheses. As a rough estimate, performance on a healthy 86.1% of indicators went against our stated hypotheses. However, it is worthy to note that both within-country and between-country analyses seem to indicate a positive development of regulatory quality and FDI during EITI candidacy (2002–12), and of GDP per capita both during EITI candidacy (2002–12) and EITI compliance (2012–14).

Our results regarding hypotheses 1a–1e are displayed in Table 3. H1a was confirmed for regulatory quality (medium effect), FDI (medium effect) and GDP per capita (large effect), and rejected for all other governance and economic development metrics. Only these three metrics are significantly higher than zero from 2002 to 2012. H1b was confirmed for voice and accountability, rule of law and GDP per capita (all medium effects), and rejected for all other governance and economic development metrics. Only these three metrics are significantly higher than zero from 2012 to 2014. H1c was rejected for all governance and economic development metrics: governance and economic development metrics do not develop

significantly better during EITI candidacy (2002–12) than Pre-EITI (1996–2012). H1d and H1e were confirmed for Rule of Law (both medium effects), and rejected for all other governance and economic development metrics. Only Rule of Law develops significantly better during EITI compliance (2012–14) than both during Pre-EITI (1996–2002) and during EITI candidacy (2002–12).

Hypothesis 2a and 2b were rejected for all governance and economic development metrics. The number of revenues included and companies reporting in EITI reports do not have any effect on the average change of governance and economic development metrics in the year after the EITI report was published (see Table 4).

The results regarding hypotheses 3a–3f are displayed in Table 5. Hypothesis 3a was confirmed for regulatory quality (small effect), and rejected for all other governance and economic development metrics. Only regulatory quality develops better in EITI countries than Non-EITI countries from 2002 to 2012. In addition, there is no significant difference in the development of regulatory quality between EITI and non-EITI countries Pre-EITI (1996–2002). Hypothesis 3b was rejected for all governance and economic development metrics: there are no significant differences in the development of governance and economic development metrics between EITI and non-EITI countries from 2012 to 2014. Hypothesis 3c was confirmed: the change per year in foreign direct investments is higher in EITI countries than OPEC countries from 2002 to 2012 (medium effect), while there is no equivalent

Table 3. Median change per year of eight governance metrics in EITI countries in three phases and results of Wilcoxon tests regarding hypotheses 1a–1e

Governance metrics	Change per year per time span			Wilcoxon		
	Phase A 1996–2002	Phase B 2002–12	Phase C 2012–14	Sig. ^a	T	r
Voice and accountability	+0.02	+0.00	+0.02	C > 0	1.86	.33
Political stability	+0.01	+0.00	–0.04	–	–	–
Government effectiveness	+0.01	+0.00	–0.04	–	–	–
Regulatory quality	+0.00	+0.02	–0.01	B > 0	2.02	.36
Rule of law	+0.02	–0.00	+0.04	C > 0	2.69	.48
				C > A	–1.71	.30
				C > B	–2.33	.41
Control of corruption	+0.00	+0.00	–0.02	–	–	–
Foreign direct investment (% of GDP)	+0.33	+0.32	–0.99	B > 0	2.22	.39
GDP per capita	+49.70	+107.59	+116.57	B > 0	3.46	.61
				C > 0	2.79	.49

^a $p < .05$ (1-tailed); conducted tests are B > 0 (H1a), C > 0 (H1b), B > A (H1c), C > A (H1d), C > B (H1e); only significant test results are displayed.

Table 4. Summary of 16 regression analyses with number of included revenues and number of reporting companies in EITI reports as independent variable and average change per year during candidacy and compliance of eight country indicators as dependent variables

Dependent variable	Independent variable: number of included revenues in EITI reports			Independent variable: number of companies reporting in EITI reports		
	β	p-value	R ²	β	p-value	R ²
Voice and accountability	–.07	.50	.01	.04	.69	.00
Political stability and absence of violence	–.17	.08	.03	–.01	.93	.00
Government effectiveness	–.11	.26	.01	.09	.35	.01
Regulatory quality	.07	.52	.00	–.01	.89	.00
Rule of law	–.02	.86	.00	.04	.66	.00
Control of corruption	–.04	.69	.00	.12	.23	.02
Foreign direct investment (in Mio. US\$)	–.07	.48	.01	.07	.51	.00
GDP per capita (in constant international \$)	.00	.99	.00	.04	.73	.00

Table 5. Median change per year of eight governance metrics in EITI countries and comparison group in three phases and results of Wilcoxon tests regarding hypotheses 3a–3f

Governance metrics	Time span	Changes in median per year and country group		Wilcoxon		
		EITI-countries	Comparison group ^a	Sig. ^b	<i>W</i>	<i>r</i>
Voice and accountability	1996–2002 (Pre-EITI)	+0.02	–0.01	YES	17,504	–.20
	2002–12 (Candidacy)	+0.00	+0.00	–	–	–
	2012–14 (Compliance)	+0.02	+0.02	–	–	–
Political stability	1996–2002 (Pre-EITI)	+0.01	+0.00	–	–	–
	2002–12 (Candidacy)	+0.00	+0.00	–	–	–
	2012–14 (Compliance)	–0.04	+0.02	–	–	–
Government effectiveness	1996–2002 (Pre-EITI)	+0.01	+0.00	–	–	–
	2002–12 (Candidacy)	+0.00	+0.00	–	–	–
	2012–14 (Compliance)	–0.04	+0.01	–	–	–
Regulatory quality	1996–2002 (Pre-EITI)	+0.00	+0.00	–	–	–
	2002–12 (Candidacy)	+0.02	+0.00	YES	17,597	–.17
	2012–14 (Compliance)	–0.01	+0.00	–	–	–
Rule of law	1996–2002 (Pre-EITI)	+0.02	+0.00	–	–	–
	2002–12 (Candidacy)	+0.00	+0.00	–	–	–
	2012–14 (Compliance)	+0.04	+0.03	–	–	–
Control of corruption	1996–2002 (Pre-EITI)	+0.00	+0.00	–	–	–
	2002–12 (Candidacy)	+0.00	+0.00	–	–	–
	2012–14 (Compliance)	–0.02	+0.01	–	–	–
Foreign direct investments	1996–2002 (Pre-EITI)	+0.33	+0.06	–	–	–
	2002–12 (Candidacy)	+0.32	–0.07	YES	127	–.41
	2012–14 (Compliance)	–0.99	–0.10	–	–	–
GDP per capita	1996–2002 (Pre-EITI)	+49.70	+23.79	YES	1,198	–.31
	2002–12 (Candidacy)	+107.59	+43.24	YES	1,231	–.34
	2012–14 (Compliance)	+116.57	+35.63	YES	1,237	–.33

^a Non-EITI countries for six WGI (H3a, H3b), OPEC countries for FDI (H3c, H3d), LDC's for GDP per capita (H3e, H3f).

^b $p < .05$ (1-tailed), YES if median of EITI countries greater than comparison group.

significant difference in the Pre-EITI phase. Hypothesis 3d was rejected: the change per year in foreign direct investments is not significantly different in EITI countries and OPEC countries from 2012 to 2014. Hypotheses 3e and 3f were rejected: While GDP per capita develops better in EITI countries than LDC's from 2002 to 2012 as well as from 2012 to 2014 (both medium effects), it also develops better in the Pre-EITI phase (1996–2002), which amounts to a medium effect as well.

6. DISCUSSION

A strong indication regarding positive effects of the EITI initiative on governance and economic and development metrics would be if during candidacy and/or compliance the following criteria would be met:

- (1) changes per year in EITI-countries are significantly higher than zero,
- (2) changes per year in EITI-countries are significantly higher than Pre-EITI, and
- (3) changes per year in EITI-countries are significantly higher than those in other country groups, while there are no significant differences in the Pre-EITI phase.

Not a single one of the eight researched governance and economic development metrics meets all of these three criteria for either the candidacy or the compliance phase (let alone in both phases). Only three metrics meet two of these criteria for either

candidacy or compliance phase, as Figure 1 summarizes: the change per year in EITI countries in both regulatory quality and foreign direct investment during candidacy is significantly greater than zero and higher than the country comparison group while not significantly different to the country comparison group in the Pre-EITI phase (however, the changes per year are not higher during candidacy than Pre-EITI). And regarding rule of law, the change per year in EITI countries during compliance is significantly greater than zero and higher than both during candidacy and Pre-EITI (however, the change per year of EITI-countries during compliance is not significantly higher than the change per year in non-EITI countries). Furthermore, it is worthy to note that both within-country and between-country analyses seem to indicate a positive development of GDP per capita both during EITI candidacy (2002–12) and EITI compliance (2012–14); however, the same can be said for the Pre-EITI phase as well (1996–2002).

So, does the EITI lead to a better performance in governance and economic development metrics, or do mostly countries which already are on a good track regarding these metrics decide to participate in the EITI? Our results tentatively support the latter: There was not a single governance and economic development metric in which EITI countries performed better during EITI candidacy or EITI compliance than Pre-EITI as well as better than other country classes.

While keeping in mind the limitations of our empirical analysis, especially regarding the short EITI compliance phase, the

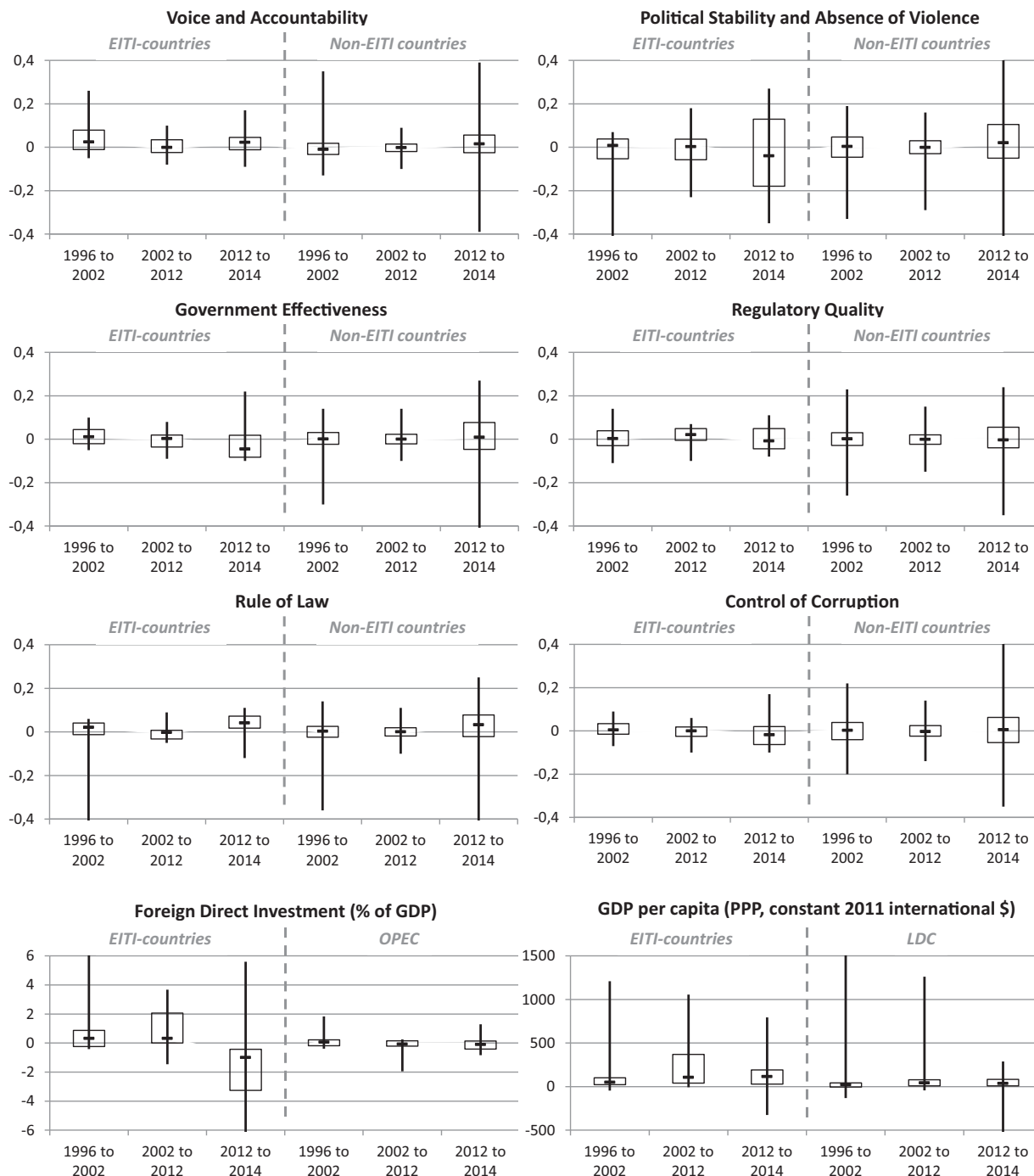


Fig. 1. Boxplots of average changes per year of eight governance and economic development metrics in three time spans for EITI countries and comparison groups (all minima and maxima not fully displayed).

focus on general country metrics which are not exclusive for the extractive industry, and the quasi-experimental research design lacking additional factors which might interact with the EITI scheme, based on our findings we can tentatively conclude that EITI has an insubstantial role at affecting key governance and development indicators. Why? In this part of the paper, we postulate four possible explanations:

- The EITI is constrained by a limited mandate.
- The EITI is voluntary and non-binding.

- Public and private actors often resist EITI implementation.
- The EITI seems unable to catalyze strong civil society institutions.

(a) *Limited mandate*

One basic challenge is that the EITI focuses only on revenues from the extractive industries in countries rich in

resources. This takes a “narrow” view of transparency, as it is only a small part of public sector revenues. Even other aspects of the oil, gas, and mining fuel cycle, such as environmental impact assessments, project siting, or community relocation, are excluded. The EITI, moreover, does not address how those revenues are expended; it merely makes their amounts more precisely known to outside groups. As one commentator criticized:

[The EITI is problematic because it focuses] on transparency in government oil revenue, or the financial flows between the oil industry and national treasuries, and misses where the corruption is often far worse: in government spending.⁴⁸

Relatedly, until recently about half of EITI countries published aggregate data about revenues but not individual data about particular companies (on the private side) or ministries and departments (on the government side), making it difficult to determine precisely where the money went, though the new EITI standard adopted in Sydney in May 2013 requires disaggregated reporting. One critique is that “the EITI initiative is not only narrow, but it also gives priority to the wrong set of issues in resource-rich countries . . . since the spread of corruption starts at the early stages involving contracts and procurement, the EITI is introduced too late in the process to have much of an effect.”⁴⁹

Another aspect of the limited mandate is the fact that EITI currently is unable to monitor or track illicit financial flows—that is, money that benefits a select group of elites (local or foreign) instead of the general public.⁵⁰ This suggests that although EITI’s reporting requirements can result in improved transparency in the extractive sector overall (and thus could explain the rather positive development of the regulatory quality metric we found in our analysis), they would not necessarily influence resource revenue that is pocketed or illegitimately transferred for peoples’ private benefit. Although net revenues from natural resources is estimated at about \$1 trillion for low-income and lower middle-income countries, much of this amount is lost through illicit financial transactions. This occurs for five main reasons, according to Le Billon.⁵¹ First, extractive industries are often under high-level political control. Second, there is rampant blurring of the lines between public, shareholder, and personal interests especially in the case of state-owned companies. Third, limited competition in the extractive sector results in fewer transactional checks and balances compared to other sectors that are more competitive. Fourth, the complex technical and financial processes of extractive sectors require high-level expertise and thus lead to companies, instead of governments, doing much of the accounting for tax payments mostly in developing countries. This leaves room for misappropriation in cases where auditing is limited or corrupt. Fifth, although resource-rich countries are often highly integrated into the global economy, the channels of integration are often limited, opening avenues for illicit financial flows. It is expected that a better disaggregation of data as part of EITI reporting mechanism can help. Also, elements of tax justice should be integrated into the governance agenda of the initiative in order to be relevant to the discussion of illicit financial flows.⁵² This is simply because it is almost impossible to examine financial flows between governments and extractive companies without engaging with the discussion of alternative routes money can take.

(b) *Voluntary rather than mandatory compliance*

Another fundamental weakness of the EITI is that it is purely a voluntary approach, where governments are

encouraged but not required to adhere to the principles of transparency. This means that only governments and companies committed to integrity and transparency will join.⁵³ Or, as one legal scholar remarked, “corporations have strong incentives to agree to nondisclosure demands made by resource-rich countries” and “unaccountable governments have equally strong incentives not to change.”⁵⁴ One survey noted that companies wishing to evade taxes or to quickly maximize profits will opt out of participating in the EITI or will leave countries about to join the EITI.⁵⁵ Moreover, for countries that do join voluntarily, there are no sanctions against noncompliance other than rejecting a country’s Candidate status—there are no fines, criminal charges, or other penalties. This may create opportunities for window-dressing. Corrupt and nontransparent companies and countries have an incentive to join the EITI in the knowledge that, in a best case scenario, they gain increased prestige and recognition at low cost and, in a worst case scenario, they lose little to nothing if expelled from the EITI.⁵⁶

As a sign of its limited coverage, although a few dozen countries have participated so far, more than 130 countries around the world produce and extract oil and 86 countries extract significant amounts of coal. Angola, the country whose report from Global Witness inspired the creation of the entire EITI framework, has not joined. China, another major global actor in resource extraction, has also refrained from participating.⁵⁷ In the Western world, although the U.S. has been an EITI candidate since March 2014, it was only the first G8 country to do so. Canada is also yet to become a part of it. This example speaks to the issue of a double standard since the extractive sectors of this country are not necessarily devoid of transparency concerns.⁵⁸ The other point is that the voluntary nature of the initiative does not make it as forceful. Since Canada is considered a global leader in the extractive industries sector,⁵⁹ it is simply surprising—to say the least—that it is yet to become an EITI member. And although the U.S. has joined, there is still very little to show in terms of real changes in the sector.⁶⁰ The question here is simple: with the absence of global pacesetters in the extractive sector supported by the fact that it is voluntary, why would one expect the initiative to be effective in its agenda?

Unsatisfied with the EITI voluntary regime by itself, both the United States (Dodd-Frank Act, 2010) and the EU (Accounting Directive, 2013) have in recent years adopted mandatory disclosure rules for the extractive industries. Yet these rules are unlikely to bear immediate effect. It has taken some time to transpose the EU directive into national law and the U.S. rules have faced stiff opposition from the oil industry. When the U.S. Securities and Exchange Commission (SEC) tried to enact the new disclosure rules under Section 1504 of the Dodd-Frank Act in 2012, the American Petroleum Institute filed a lawsuit against the SEC, which it won. In 2014, Oxfam America successfully filed another lawsuit against the SEC for its delay in crafting new rules. In an “expedite schedule,” the SEC committed to adopt new rules by June 2016.

(c) *Public and private sector resistance*

In some circumstances, the EITI can damage companies and communities. Corporate leaders have stated that the voluntary nature of the EITI can put participating companies at a “competitive disadvantage” when they have to disclose information about royalties within the EITI countries they operate in.⁶¹ Other companies have “objected strongly” to the publishing of production-sharing agreements on public websites.⁶² Some members of civil society have been harassed and intimidated

for participating in the implementation of the EITI, others have seen travel permits and visas denied, and still others have seen legal and procedural obstacles thrown in their way to prevent them from fully participating.⁶³ In 2006, for example, two members of the civil society coalition involved in promoting the EITI in the Republic of the Congo were arrested and imprisoned.⁶⁴

In the case of Liberia, internal disputes between EITI's multi-stakeholder group (MSG) and the Publish What You Pay civil society coalition led to their representatives not attending the MSG meetings for over a year. This occurred after the first head of the LEITI Secretariat resigned in 2010.⁶⁵ In Azerbaijan, civil liberties are at risk. The growth of civil society in general has been stunted, partly due to the influence of Western actors whose major interest is in the country's oil and gas resources.⁶⁶ The other contributing factor is the fact that President Ilham Aliyev in early 2014 signed a series of constitutional amendments restricting the ability of civil society organizations to operate freely, particularly requiring them to provide a great deal of information or risk being fined or shut down. This is a person who was named Corruption Person of the Year in 2012 for his family's share in lucrative industries.⁶⁷ It is interesting that a country that was once a trailblazer for the EITI now faces these basic challenges that undermine the initiative's very own MSG agenda. More surprising is the fact that a World Bank Independent Evaluation Group report rates the EITI in Azerbaijan as "highly effective" in terms of oil revenue transparency measures.⁶⁸

Although public participation is essential for the success of the initiative, the public often tends to be a "silent partner", thereby limiting the potential of the EITI to be a formidable counterbalance to corruption.⁶⁹ A survey conducted in 2008 on the 23 countries and 38 firms that were committed to the initiative at that time had some revealing insights regarding the level of participation or partnership that exists between the so-called key stakeholder groups:

The public must be able to comprehend what the multi-stakeholder group reports about how the government uses and records resource revenues. However, EITI is constrained by many factors including illiteracy, livelihood demands, lack of interest, and/or cultural and political factors. For example, in many developing countries, public discussion of oil and mining revenues is discouraged, particularly in Africa.⁷⁰

Another survey conducted in 2011 by the Liberian EITI secretariat and a local media NGO found that only 42% of respondents know of EITI's existence, with most of them having a vague knowledge of how it works.⁷¹ This is a change from the period where town hall meetings around the country would attract over 300 people in each case, and resource revenue discussions would ensue in all corners of the country.

(d) *Dependence on strong civil society*

For the EITI to work, it needs strong civil society institutions. Indeed, even for transparency to work effectively, information must become firmly embedded in the everyday decision-making practices of information producers and consumers, creating a transparency "action cycle."⁷² Yet in many countries, especially those most prone to corruption, non-governmental organizations remain disorganized, weak, or even nonexistent. Moreover, the EITI criterion that civil groups have to be "actively engaged as a participant in the design, monitoring and evaluation of this process and contribute towards public debate" can functionally exclude the process from starting in countries until sufficient civil society capacity exists.⁷³ Even then, Yale Law School scholar Alex Kardon comments that "achieving transparency may not cure

the curse where civil society is not strong enough to convert information into accountability."⁷⁴ Joseph Bell, one of the experts from Columbia University who helped draft an oil management law for the small island of São Tomé and Príncipe, also admits that "transparency cannot [by itself] ensure the responsible use of resource revenues."⁷⁵

An evaluation of EITI in Madagascar, for instance, noted that a lack of civil society meant that powerful mining companies were able to successfully override efforts to achieve "good governance," transparency, and proper engagement with communities.⁷⁶ The researchers found that the absence of civil society meant that personal gain from extractive industry contracts was still the largest determinant of which projects go forward, and that, due to pressure from companies and the presence of corruption, national leaders were more concerned with courting investment and maximizing revenues than with transparency.

Civil society participation is actually deemed one of the major setbacks of the EITI—not in terms of it not being something useful to do, but rather the fact that the so-called "partnership" is really not that genuine.⁷⁷ The prevailing challenge is that the "EITI does not obligate an implementing government to be open, accountable, and engaged with its citizenry on extractive revenues. Thus, it is effective only in those countries willing to inform groups of citizens and to allow these citizens to use this information to challenge government."⁷⁸ This suggests that governments that resist democratic practices would be least interested in giving a voice to civil society groups on the table, and the EITI secretariat in Norway cannot really do anything about this because it is a voluntary endeavor. This remains a basic flaw of the initiative, particularly as its advocates over-emphasize the utility of multi-scalar governance arrangements and public-private partnerships.

7. CONCLUSION

Our statistical analysis suggests that the EITI has not yet been as successful as its advocates may want us to believe. Particularly judging from the fact that the performance in governance and economic development metrics of EITI countries is almost never better during EITI candidacy and compliance than Pre-EITI, it can make one wonder if the EITI has impacted governance and development outcomes in resource-rich countries. To be sure, our analysis indicates possible positive effects of the EITI initiative on regulatory quality, rule of law and foreign direct investment, and it is important to note that our data are limited to the period 1996–2014. Thus, it might not be able to capture slow, more incremental improvements in governance and development outcomes over the longer term (especially since the first countries to reach EITI compliant status did so as recently as 2009). Furthermore, our analysis follows a quasi-experimental design and allows for only correlative interpretations regarding the relationship between EITI participation and governance and economic development metrics, primarily due to the fact that we did not include other factors which might interact with the EITI scheme, such as specific characteristics of political systems, national and local regulations, and other development indicators such as literacy or public health. This study therefore opens up promising prospects for further research into the effectiveness of the EITI that may involve additional variables, longer time frames and in-depth country case studies.

Compliance with the EITI is no doubt going to be a perpetual challenge for companies⁷⁹; but it is certainly going to be a

hurdle for many governments and civil society participants as well. In the first place, transparency alone is not the answer as there are many other aspects of resource governance that need to be factored into the equation for a holistic solution. This point questions the transformative potential of transparency, as other scholars have done.⁸⁰ A counter-intuitive potential downside of transparency is worth noting at this juncture. The EITI can have a prophylactic effect on oil and gas development, since both governments and companies, knowing that they are being monitored, will significantly change their behavior. Development experts Ivar Kolstad and Arne Wiig explain that “a public sector that is to always keep the public informed on all details of its activities will not be very effective in pursuing its activities. In other words, if you keep a diary of everything you do, you won’t be doing much.”⁸¹

The EITI has the potential to make negotiations between governments and companies more complex and cumbersome, since parties involved in the process may be more cautious about exchanging information they know will make it into the public sphere. Ironically, transparency cannot only make it easier to detect corruption; it can also identify the relevant officials to approach for bribes and kickbacks.⁸² This critique is not meant to tarnish the efforts toward transparency in the extractive sectors because, as the 2014 EITI Progress Report indicates, transparency does matter.⁸³ Nonetheless, our conclusion here is rather straightforward: Just as transparency

cannot be seen as the magic bullet, it is one that is unable to penetrate armor. So it is almost impossible to think of the EITI as a panacea for good resource governance or perhaps sustainable development in resource-rich countries.⁸⁴

Another concern is that the EITI came into being as one of the practical steps to guide resource-rich countries out of the “resource curse”.⁸⁵ But it has become clear that the cure for the curse, if it actually exists in the way it has been popularized, is not easy to find. To showcase the complexity of this issue, scholars who propound the idea have identified several factors that can affect the extent of the curse including the ability of governments (institutions) to manage large resource revenues in a sustainable manner,⁸⁶ the types of resources the country in question has,⁸⁷ and the nature of rent seeking that occurs.⁸⁸ Others have insisted that we assess the historical and present socio-political variables that have made some countries use resources for their benefit while others have failed at doing so.⁸⁹ As multifaceted as the resource curse idea is, EITI has not served the discussion well through its simplistic focus on revenues and transparency. The cure should have several ingredients the EITI currently lacks, thereby enhancing the initiative’s potential to become transformative. Being entirely voluntary, it remains unclear if this desire to impact real change in the discussion of resource curse, transparency, accountability, and broad socio-economic development would be realized through the EITI.

NOTES

1. See, for example: Cashore, Auld, and Newsom (2004) and Gupta (2008).
2. On emergence, see: Green (2013). On institutionalization, see: Pattberg (2005). On accountability, see: Dingwerth (2007).
3. Florini and Saleem (2011) and Rosenblum and Maples (2009).
4. EITI (2011).
5. EITI (2014).
6. EITI (2012).
7. Sovacool (2013).
8. Though this literature is voluminous, the seminal work is Auty (1993). Other key contributions include Karl (1997), Ross (2001, 2012), Humphreys, Sachs, and Stiglitz (2007) and Colgan (2010).
9. Kolstad and Wiig (2009).
10. Hirschman (1970), Paul (1992) and Stiglitz (2003).
11. Kolstad and Wiig (2009).
12. Williams (2011).
13. Geginat (2012, p. 1).
14. Gupta (2010).
15. Bauhr and Grimes (2014).
16. Gaventa and McGee (2013).
17. Fox (2007); see also Pitlik, Frank, and Firchow (2010).
18. Lindstedt and Naurin (2010).
19. See, as a small sample, Bac (2001), Bastida and Bernardino (2007), Bauhr and Nasiritousi (2012), Kolstad and Wiig (2009), Matisoff (2013) and Sovacool and Andrews (2015).
20. G8 (2004).
21. EITI (2011).
22. Eigen (2006).
23. EITI (2011).
24. Friedman (2001).
25. EITI (2011).
26. Friedman (2001).
27. Gillies (2010).
28. Chon (2014).
29. Eigen (2006).
30. Caspary (2012).
31. Brinkerhoff and Brinkerhoff (2011).

32. Friedman (2001, p. 12), Eigen (2006) and Hess (2012).
33. Smith, Shepherd, and Dorward (2012) and Corrigan (2014).
34. Sovacool (2013).
35. Acosta (2013).
36. Mouan (2010).
37. Frynas (2010).
38. Haufier (2010).
39. These are (1) the host government's production entitlement (such as profit oil), (2) national state-owned enterprise production entitlement, (3) profits taxes, (4) royalties, (5) dividends, (6) bonuses, such as signature, discovery and production bonuses, (7) licence fees, rental fees, entry fees, and other considerations for licences and/or concessions and (8) any other significant payments and material benefit to government; see also EITI (2013).
40. All of the EITI reports are available from the EITI's website. While, generally speaking, the number of reported revenue streams tends to increase with compliance, only a few reports include all eight revenue streams and compliant countries do not always have more coverage than non-compliant ones. For instance, the Norway EITI Report from 2012 only covered two revenue streams (Profits/Taxes, Other significant benefits to government), while Nigeria's 2005 EITI Report covered all eight revenue streams, even before the country had reached compliance.
41. *Note:* Gabon, which was an OPEC member from 1975 to 1995, is not taken into account. Neither is Indonesia, an OPEC member from 1962 to 2009, despite the country's reactivation of membership in 2016.
42. UN (2014).
43. Kaufmann, Kraay, and Mastruzzi (2010).
44. Kaufmann et al. (2010).
45. Field (2009, p. 540).
46. Sheskin (1997) and Gardner and Altman (2000).
47. Field (2009, p. 57).
48. Shaxson (2008).
49. Kolstad and Wiig (2009).
50. Le Billon (2011).
51. Le Billon (2011).
52. Le Billon (2011).
53. Al Faruque (2006).
54. Kardon (2008).
55. Otusanya (2011).
56. Kolstad and Wiig (2009).
57. Collier (2008).
58. Deneault, Sacher, and Mathieu Denis (2012).
59. Russell, Shapiro, and Vining (2010).
60. Fineberg (2014).
61. Al Faruque (2006).
62. Eigen (2006).
63. EITI (2011).
64. Eigen (2006).
65. O'Sullivan (2013).
66. Gahramanova (2009).
67. See Organized Crime and Corruption Report Project, "OCCRP Name Aliyev 'Person of the Year'," December 31, 2012 <https://reportingproject.net/occrp/index.php/en/ccwatch/cc-watch-indepth/1772-occrp-names-aliyev-qperson-of-the-year-q> (accessed: May 15, 2014).
68. Wescott, Desai, and Talvitie (2011).
69. Aaronson (2011).
70. Aaronson (2011, p. 53).
71. O'Sullivan (2013).
72. Fung, Graham, Weil, and Fagotto (2004).
73. Eigen (2006).
74. Kardon (2008).
75. Quoted in Conti-Brown (2010).
76. Smith *et al.* (2012).
77. Aaronson (2011).
78. Aaronson (2011, p. 56).
79. Hughes and Pendred (2014).
80. Van Alstine (2014).
81. Kolstad and Wiig (2009).
82. Kolstad and Wiig (2009).
83. EITI (2014).
84. Hilson (2012).
85. Caspary (2012).

86. Atkinson and Hamilton (2003) and Mehlum, Moene, and Torvik (2006).
87. Boschini, Pettersson, and Roine (2007).
88. Sarraf and Jiwanji (2001).
89. Snyder (2006) and Snyder and Bhavnani (2005).

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